

# Executive Decision Report

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## **Funding request from the Riverside Group Limited**

Decision to be taken by: City Mayor

Decision to be taken on: 4 September 2018

Lead director: Chris Burgin

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## Useful information

- Ward(s) affected: Abbey
- Report author: Janet Callan, Housing Development Manager
- Author contact details: ext. 37 1752
- Report version number: V1.2

### 1. Summary

1.1 This report seeks the City Mayor's approval to grant fund the Riverside Group Limited's purchase of 46 new Affordable Housing dwellings for rent and to add the sum of £1,082,744.40 to the HRA Capital Programme for 2018/19.

1.2 This grant would be funded from existing Right To Buy Receipts (RTBR) held by the council, for the Riverside Group Limited's purchase of 46 new Affordable Rent homes at the Somerset Avenue / Heacham Drive site.

### 2. Recommendation

2.1 That the City Mayor approves the addition of £1,082,744.40 to the HRA capital programme for 2018/19.

2.2 That the City Mayor approves a grant payment of £1,082,744.40 of RTBR funds payable to the Riverside Group Limited, towards Riverside's purchase of 46 new Affordable Rent homes, subject to Riverside entering into an Affordable Rent Grant Agreement with the council.

### 3. Supporting information including options considered:

3.1 The Riverside Group Limited has requested council funding towards its acquisition of 46 new build Affordable Housing units for rent at the Somerset Avenue / Heacham Drive site.

3.2 Riverside is in the process of acquiring 62 planning gain (Section 106) Affordable Housing units at this site from the developer. The 62 units that Riverside wish to acquire consist of 16 shared ownership units and the 46 Affordable Rent units.

3.3 The council has Right To Buy Receipt (RTBR) funds available with which it can grant fund the supply of new Affordable Housing for rent. These funds cannot be used towards Shared Ownership units. RTBR funds can be used to fund up to 30% of eligible capital costs for new Affordable Housing for rent.

3.4 Riverside has advised that the total eligible capital costs for its acquisition of the 46 units for rent is £3,609,148, 30% of which is £1,082,744.40.

3.5 Riverside has confirmed that it will enter into a Grant Agreement with the council should RTBR funding be provided and will agree to the council having nomination rights to these homes.

3.6 The City Mayor's approval is required to add any new scheme to the capital programme between £250k and £10m.

#### 4. Details of Scrutiny

N/A

#### 5. Financial, legal and other implications

##### 5.1 Financial implications

Retained receipts from the sale of properties through Right to Buy are restricted for funding up to 30% of the eligible capital cost of new affordable rented housing. There are sufficient retained receipts to support the application detailed in this report.

Stuart McAvoy – Principal Accountant (37 4004)

##### 5.2 Legal implications

5.2.1. The Council has powers to apply Right to Buy”receipts in accordance with relevant legislation and guidance and particularly the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended) and the terms of any agreement reached under the Local Government Act 2003 modifying the applicability of the regulations. This includes using an element of receipts for the purpose of funding the construction and provision of housing.

5.2.2. In respect of the selection of a partner for the purpose of funding dwellings as outlined in this briefing, the Council should ensure it has carried out a full assessment of the benefits and risks of undertaking this funding, including having undertaken a compliant process for selecting the RSL, in accordance with the selection requirements as set out in this Report. This should include a consideration as to how the provision of the funding will be secured (or clawback applied) in order to ensure the desired outcomes within the grant agreement.

John McIvor, Principal Lawyer, ext. 37-1409

##### 5.3 Climate Change and Carbon Reduction implications

Although the carbon dioxide emissions from the 46 new build Affordable Housing units will not contribute towards the council’s own carbon footprint they still contribute towards the wider city’s carbon footprint. As new build units they will comply with the carbon dioxide emissions standards of the Building Regulations but it is still recommended that energy conservation advice is provided to the tenants.

Mark Jeffcote, Environment Team (x372251)

#### 5.4 Equalities Implications

The proposal for Riverside's proposed acquisitions of 46 new Affordable Rent homes at the Somerset Avenue / Heacham Drive site, subject to Riverside entering into an affordable rent grant agreement with the council, should lead to a positive outcome and will help us to meet priority needs across the city.

Sukhi Biring, Equalities Officer, ext 374175

#### 5.5 Other Implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

None.

#### **6. Background information and other papers:**

#### **7. Summary of appendices:**

None.

#### **8. Is this a private report (If so, please indicated the reasons and state why it is not in the public interest to be dealt with publicly)?**

No

#### **9. Is this a "key decision"?**

Yes

#### **10. If a key decision please explain reason**

This report refers to a proposal for capital expenditure of over £1m which is to be committed on a scheme that has not been specifically authorised by Council.